

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Franklin Bancorp, Inc. / Bank of Franklin County

Point of Contact:	Robert D. Dobsch	RSSD: (For Bank Holding Companies)	2913711
UST Sequence Number:	1201	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	5,097,000	FDIC Certificate Number: (For Depository Institutions)	35543
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 22, 2009	City:	Washington
Date Repaid ¹ :	N/A	State:	Missouri

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Franklin Bancorp, Inc. / Bank of Franklin County

☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Franklin Bancorp, Inc. / Bank of Franklin County

☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

☐ Increase charge-offs.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Franklin Bancorp, Inc. / Bank of Franklin County

X Purchase another financial institution or purchase assets from another financial institution.

Franklin Bancorp continued to hold a \$3.75 mm non-performing loan that it purchased from its subsidiary bank in 2009. This loan was a participation from a now failed bank, and the sale made it possible for us to control the total outcome of the credit's resolution.

X Held as non-leveraged increase to total capital.

While the subsidiary bank remains well capitalized, the remainder of the CPP funds being held at the holding company level could feasibly be pushed down the bank level as additional capital if the need should arise.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Franklin Bancorp, Inc. / Bank of Franklin County

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Franklin Bancorp, Inc. / Bank of Franklin County

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The loan sale described above certainly would not have been possible without the infusion of CPP funds. Had this infusion not taken place, the FDIC would have ultimately controlled the fate of the underlying asset which was not in the best interest of the bank. By allowing our bank to control the asset as well as the resolution, we were able to work toward ensuring completion of a viable project which is now in operation and being marketed for sale. Once a sale is completed, this will ultimately strengthen both the subsidiary bank and the holding company.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Franklin Bancorp, Inc. / Bank of Franklin County

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.